

Budget Brief – DAS Purchasing and General Services

NUMBER CFAS-06-13

SUMMARY

In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into one division. The new division became the Division of Purchasing and General Services. The procurement function that enables other agencies to contract for goods and services remains an appropriated function. Other programs operate as Internal Service Funds and are budgeted separately in the ISF section of the budget.

The division provides a centralized purchasing function for all state agencies. The Purchasing Program manages 750 statewide contracts that are used by state agencies, education, and local governments, and oversees more than 2,000 agency contracts and more than 1,500 procurement processes per year. The value of these contracts and procurements exceeds a billion dollars annually.

ISSUES AND RECOMMENDATIONS

Cost Benefit Study

The Utah Policy Partnership, which is under contract to assist the executive branch as management consultants, recommended the Division of Purchasing perform a cost-benefit study to analyze cost avoidances and cost savings that might be achieved through strategically sourced contracts, continued tracking and analysis, and enhanced technology. The study would require two half-time interns and would cost approximately \$20,000. The Analyst notes the division carried forward \$83,600 in nonlapsing funds into FY 2006 (compared to \$65,800 in FY 2005 and \$29,700 in FY 2004) and therefore recommends the Legislature ask the division to carry out the study with its carry-forward money in FY 2006.

The Analyst recommends the Legislature appropriate the Division of Purchasing and General Services' base budget in FY 2007. The slight reduction shown between FY 2006 and FY 2007 in the chart at the upper right of this page is due to carry-forward money available in FY 2006.

Figure 1: Administrative Services - Purchasing - Budget History

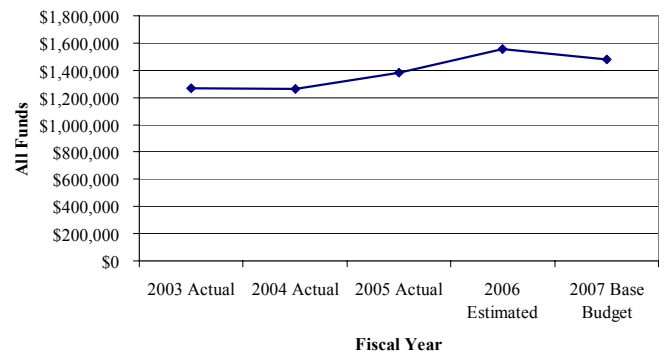


Figure 2: Administrative Services - Purchasing - FTE History

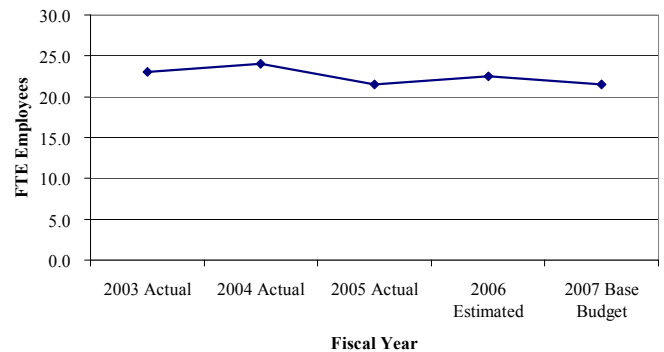
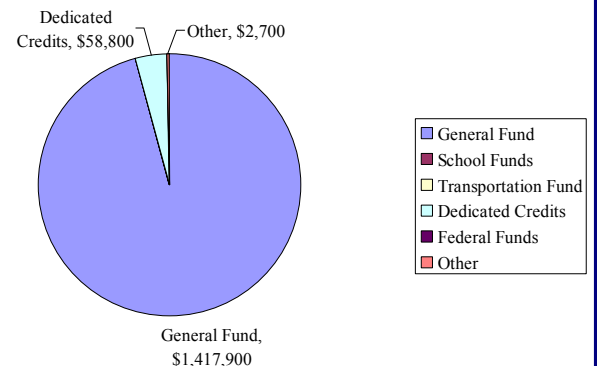
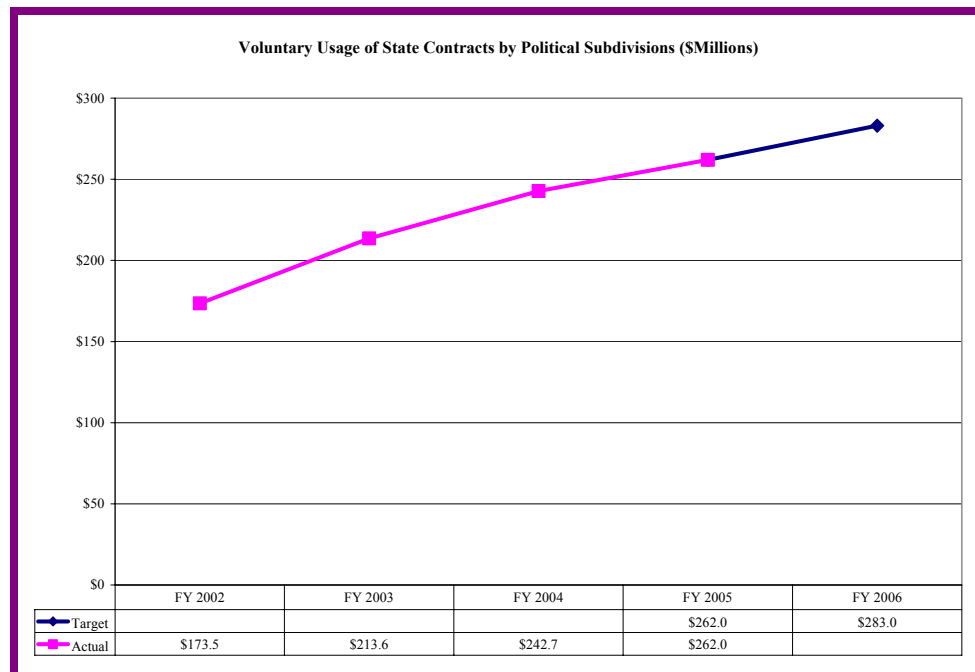


Figure 3: Administrative Services - Purchasing - FY 2007 Funding Mix



ACCOUNTABILITY DETAIL

State Purchasing manages cooperative contracts that are utilized by state agencies, institutions of higher education, school districts, and local governments. Usage of the contracts is mandatory for state agencies, but voluntary for political subdivisions. Thus political subdivision usage of the contracts is a barometer of whether the contracts provide good value.



Usage of state contracts by political subdivisions increased by 51 percent between FY 2002 and FY 2005, or an average of 17 percent per year. This target for FY 2006 is another 17 percent increase.

BUDGET DETAIL

Dedicated Credits in this program are generated by fees collected from bidders seeking inclusion on the automated information mailing system. This system automatically solicits bidders on a given commodity. Participation in this program is optional. Copies of all bids are available for public inspection on the division's website.

Budget Recommendation

The Analyst recommends a total FY 2007 base appropriation of \$1,479,400, with \$1,417,900 from the General Fund and the remainder from Dedicated Credits and nonlapsing balances.

Intent Language

The Analyst recommends the Legislature continue using the following intent language which was approved in House Bill 1, 2005 General Session:

It is the intent of the Legislature that funds for Purchasing shall not lapse and that those funds shall be used for electronic commerce.

LEGISLATIVE ACTION

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider:

1. A total base appropriation of \$1,479,400 for the Division of Purchasing and General Services.
2. Asking the division to carry out a cost-benefit study with FY 2006 carry-forward balances.
3. Intent language making the appropriation nonlapsing for electronic commerce.

BUDGET DETAIL TABLE

Administrative Services - Purchasing						
Sources of Finance	FY 2005 Actual	FY 2006 Appropriated	Changes	FY 2006 Revised	Changes	FY 2007* Base Budget
General Fund	1,343,500	1,417,900	0	1,417,900	0	1,417,900
General Fund, One-time	10,300	0	0	0	0	0
Dedicated Credits Revenue	47,900	59,000	0	59,000	(200)	58,800
Beginning Nonlapsing	65,800	0	83,600	83,600	(80,900)	2,700
Closing Nonlapsing	(83,600)	0	(2,700)	(2,700)	2,700	0
Total	\$1,383,900	\$1,476,900	\$80,900	\$1,557,800	(\$78,400)	\$1,479,400
Programs						
Purchasing and General Services	1,383,900	1,476,900	80,900	1,557,800	(78,400)	1,479,400
Total	\$1,383,900	\$1,476,900	\$80,900	\$1,557,800	(\$78,400)	\$1,479,400
Categories of Expenditure						
Personal Services	1,290,200	1,407,500	56,200	1,463,700	(47,400)	1,416,300
In-State Travel	400	600	(200)	400	0	400
Out of State Travel	4,300	700	3,600	4,300	0	4,300
Current Expense	54,000	49,800	4,200	54,000	(12,000)	42,000
DP Current Expense	35,000	18,300	17,100	35,400	(19,000)	16,400
Total	\$1,383,900	\$1,476,900	\$80,900	\$1,557,800	(\$78,400)	\$1,479,400
Other Data						
Budgeted FTE	21.5	21.5	1.0	22.5	(1.0)	21.5
Actual FTE	22	0	0	0	0	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.